

**DEMOGRAPHIC AND SOCIAL TRENDS: IMPLICATIONS FOR
FEDERAL SUPPORT OF DEPENDENT-CARE SERVICES
FOR CHILDREN AND THE ELDERLY**

Staff Analysis

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SUMMARY

During this decade, a combination of demographic, economic, and social trends will increase the demand for dependent-care services for young children (under age 10) and elderly persons with health problems or functional limitations. This paper analyzes the likely changes in demand, examines their implications for federal policy, and discusses possible federal responses.

Contributing to an overall increase in the demand for nonfamily dependent-care services (such as day care for children and homemaker services for the dependent elderly) will be a rapid growth between 1980 and 1990 in the numbers of young children and elderly individuals--especially, those over age 80. Continued growth in the labor-force participation of women and in the proportion of young children living in single-parent households is expected to exacerbate the impact of these population changes, by leading a greater proportion of families to seek care by individuals or organizations outside the family. Moreover, the number of young children and elderly persons living in poverty will probably increase, perhaps substantially, over the decade. Finally, while changes in the supply of dependent-care services are difficult to project, it is likely that in the absence of federal intervention the supply of care accessible to lower-income families will not keep pace with the increase in demand.

Taken together, these trends suggest that a federal response could be a major determinant of the access that many of the growing number of young children and dependent elderly--especially those with low incomes--will have to nonfamily care. Altering the current federal programs that support dependent-care services, to increase targeting or efficiency while maintaining present funding levels, could accommodate part, but not all, of the increased demand. Expanding federal support could further reduce the problem, but at the cost of increasing the deficit, raising taxes, or requiring offsetting reductions in other federal programs.

FACTORS AFFECTING DEMAND FOR DEPENDENT-CARE SERVICES

Four factors are likely to increase the demand for dependent-care services during the 1980s:

- o Shifts in the age structure of the population;
- o A concomitant increase in the number of elderly with health problems and functional limitations;
- o Changes in family composition; and
- o Trends in employment.

During the 1980s, the number of young children is expected to increase by roughly 4.8 million, of whom almost 3.4 million will be under age six. During the same period, the total elderly population is expected to grow by 6.3 million, with the old-elderly population accounting for roughly 2.3 million of that increase. One consequence of the growth and aging of the elderly population is likely to be a rise in the number of elderly with health problems and functional limitations.

Changes in household composition expected during the remainder of the decade are likely to increase the demand for dependent-care services still further. In the case of young children, most important is the expectation that the proportion living in single-parent (usually, mother-only) households will continue to rise--albeit at a slower rate than during the 1970s--resulting in roughly 3 million more children under age 10 living in single-parent families in 1990 than in 1980. Moreover, about half of this increase will be children under age six. Among the elderly, the most important trend in household composition will be the increased proportion of individuals (mostly women) living alone--or with someone other than a spouse--that the aging of the elderly population will likely bring.

A continued increase in the labor-force participation of women is also likely to have a substantial impact on the demand for non-family dependent care. Continuation of current trends would result in a sizable increase in the number of young children reared by two employed parents or by an employed only parent. The number of children under age six living in such households could increase by about 3.4 million between 1980 and 1990, while the number living with two parents, only one of whom is in the labor force, could actually decline by nearly 1 million (see Summary Table 1). Continued growth in the labor-force participation of women--particularly married women--might also reduce the availability of family members to care for dependent elderly persons. On the other hand, the extent to which newly employed women would otherwise be caring for elderly relatives is unclear.

SUMMARY TABLE 1. NUMBER AND PERCENT OF CHILDREN UNDER AGE SIX, BY NUMBER OF PARENTS IN THE HOUSEHOLD AND LABOR-FORCE STATUS OF MOTHER, 1980 AND PROJECTIONS FOR 1990 (Children in thousands).

	1980	1990	Change	
			Number	Percent
Children with Two Parents, Mother Not in Labor Force	8,435	7,594	-841	-10
Children with Mother Only, Not in Labor Force	1,219	1,609	390	32
Children with Two Parents, Mother in Labor Force	6,930	9,394	2,464	36
Children with Mother Only, in Labor Force	1,777	2,786	1,009	57
Other ^{a/}	<u>1,268</u>	<u>1,614</u>	<u>346</u>	<u>27</u>
Total Children	19,629	22,997	3,368	17

SOURCE: Text Tables 2 and 3.

- a. This category includes children living with their fathers only as well as those living with neither parent.

FACTORS BEARING ON FEDERAL SUPPORT FOR DEPENDENT-CARE SERVICES

Perhaps the most significant factor bearing on a federal response to the likely increase in demand for dependent-care services is that the number of young children and dependent elderly persons living in poverty will probably increase between 1980 and 1990, perhaps by a large amount.

The number of young children living in poverty will be determined by the overall growth in the population of young children, the increasing proportion of young children living in mother-only households, and general economic conditions. The proportion of children in female-headed households living in poverty is consistently high and varies relatively little with economic cycles: roughly half of all children under 18 in such households, and between 61 and 66 percent of children under 6, fell below the poverty line in each year from 1971 through 1981. On the other hand, the poverty rate among young children in male-headed households has shown more sensitivity to economic conditions. Accordingly, the growth in the population of young children, coupled with the shift of the population of young children toward single-parent households, can be expected to increase the number of young children in poverty; improvement in the economy will tend to decrease it, primarily by lowering the poverty rate among male-headed households.

Barring a stronger economic recovery than anticipated, however, the combined effect of these three factors is likely to be appreciably more young children in poverty. For example, if the poverty rates for both male- and female-headed households in 1990 equalled their 1979 (pre-recession) levels, the number of children under age six living in poverty could increase by about 1 million between 1980 and 1990 (see Summary Table 2).

SUMMARY TABLE 2. NUMBER AND PERCENT OF CHILDREN UNDER AGE SIX IN POVERTY IN 1980 AND PROJECTIONS FOR 1990 BY AGE AND HOUSEHOLD TYPE, ASSUMING 1990 POVERTY RATES EQUAL TO THOSE IN 1979 (Children in thousands; rates in percents)

	1980		1990 ^a		1980 to 1990		
	Number in Poverty	Percent in Poverty	Number in Poverty	Percent in Poverty	Total Additional Children	Additional Children in Poverty	Additional Poor as Percent of Total Additional
All House- holds	3,950	20	4,918	21	3,533	968	27
Female- Headed	1,953	65	2,711	62	1,399	758	54
Male- Headed	1,997	12	2,207	12	2,135	210	10

SOURCE: Current Population Survey, Series P-60 publications and unpublished tabulations; and Tables 1 and 2 of this report.

- a. 1990 poverty rates for each household type (male- and female-headed) equal to corresponding 1979 rates, to reflect the most recent pre-recession period. Overall poverty rate in 1990 does not equal 1979 rate because of the increasing proportion of children in female-headed households.

An increase--perhaps sizable--in the number of elderly persons in poverty is also a clear possibility. Although the poverty rate among the elderly is lower today than in 1970, much of the decline occurred early in the 1970s, and the rate increased again in both 1979 and 1980. Whether the rate will stay constant, decline again, or increase further is unknown, but unless it declines rapidly the growth in the elderly population will lead to an increase in the number of elderly persons in poverty. For example, unless the poverty rate among the elderly declines by at least one-fifth by 1990 (to a rate of 12.3 percent), more elderly persons will be living in poverty in 1990 than in 1981. Moreover, factors that now contribute to the high poverty rate among the elderly--such as the large number of unmarried elderly women--will continue to affect the elderly population throughout the decade.

Likely trends in the private supply of services and in support by state and local governments also bear on the importance of a possible federal response to the increased demand for dependent-care services. While future supply is hard to predict, it may not fully keep pace with demand in the absence of federal intervention. In that case, average prices would rise, and families whose incomes did not keep up might shift to lower-quality care. Support by subnational governments is also unlikely to keep pace with demand, given the fiscal problems of many state and local governments and the uneven concentration of dependency-prone populations in some jurisdictions.

ISSUES AND OPTIONS CONCERNING A FEDERAL RESPONSE

Several questions arise in considering any potential federal response to the increasing demand for dependent-care services. One is whether to increase federal support of those services. If the Congress decided to provide additional support, it could choose between direct-expenditure and tax-expenditure approaches to dependent care; each approach has advantages and disadvantages. Finally, there would be a variety of specific options for structuring any new services.

Issues

Although a portion of the increased demand for services might be accommodated by altering present federal programs to make them more efficient or more carefully targeted on those in greatest need, changes of this sort would probably be insufficient to keep pace with the increase in demand. On the other hand, possible increases in the level of federal support would have to be appraised in the light of current fiscal stringency. Any increase in federal support would mean an increase in the deficit unless increases in taxes or reductions in other federal programs were made.

If federal support for dependent-care services did not keep pace with the anticipated increase in demand, however, some low- and moderate-income families would be likely to purchase lower-quality or fewer services. In the case of child care, this could entail a shift to more informal care, to lower-quality and less supervision, and, in some instances, to leaving children unsupervised. Although the implications of such changes are not fully known, it is likely that the physical, emotional, and educational needs

of the children would be met less well. For dependent elderly persons remaining at home but receiving no services, aspects of care such as hygiene and diet could suffer. A lack of services could also hasten their institutionalization--affecting their quality of life and, in some cases, imposing costs on federal and state governments through Medicaid.

If the Congress decided to increase federal support of dependent-care services, it could do so through tax expenditures, direct expenditures, or some combination of both. Targeting benefits on low-income families is likely to be more practical with direct-expenditure programs than with tax expenditures because of the nature of the tax system. Only about 7 percent of the 4.6 million families making use of the current dependent-care tax credit had incomes below \$10,000 in 1981. Making the credit refundable would increase the usefulness of the credit to some low-income families, but the long delay before reimbursement would make even a refundable credit useless for some. Moreover, experience with the earned income tax credit (EITC) indicates that an advance-payment provision does little to alleviate this problem.

On the other hand, tax expenditures have the advantage of offering recipients greater flexibility in choosing the type of care they prefer, with the potential of lessening the influence of the government in those choices. They also can be an effective means of directing aid to middle- and lower-middle-income families. Moreover, tax expenditures might in some instances encourage relatives to contribute to care rather than turn to publicly supported services.

Options for Structuring New Services

If additional support was provided through either tax expenditures or direct expenditures, the Congress would face a number of difficult decisions about how to structure that aid to maximize its effectiveness.

Child Care. One central decision in providing support for child care would be that of targeting by income. Given likely funding limitations and the rapid growth in the number of young poor children, the extent of targeting by income would be a critical determinant of the proportion of such children receiving supported services. A second decision stems from the fact that this decade will see increases in the demand for a variety of types of care, ranging from infant care to after-school care; the Congress could either specify the types of care to be supported or leave such decisions to an executive agency or to subnational governments. Finally, the impact of a federal initiative would hinge in part on its ability to focus some funds on lower-cost forms of care and to stimulate private alternatives.

One possible response would be to alter current programs to increase their cost-effectiveness or their degree of targeting. For example, the Human Services Block Grant (HSBG)--which provides funds to states to finance a broad range of social services--could be altered to reestablish a day-care setaside, channel funds into lower-cost forms of day care, require targeting of services on low-income families, or prescribe diversification of services to include after-school care or infant care. Total support could be

expanded through increased funding of current programs, such as Head Start or the HSBG program, or through new programs, such as a dependent-care voucher system. Finally, tax incentives or loans could be used to encourage employment-based day care, and the exclusion of fringe benefits from taxation could be altered to encourage more flexible work hours, thereby lessening dependence on non-family care.

Dependent Care for the Elderly. In the case of the elderly, a central issue would be the fact that the dependent elderly are difficult to identify and our current definitions of dependency are unreliable. Accordingly, a key decision on a federal initiative would be how to limit support to those truly dependent. In addition, to use funds most efficiently, a federal initiative would have to be designed to avoid incentives for the elderly in order to alter their living arrangements to substitute public care for care by relatives. Finally, since the needs of persons living alone, those living near relatives, and those sharing a household with relatives are different, a federal initiative would need to embody considerable flexibility to serve all three groups effectively.

Specific options for the elderly could include either direct expenditures or tax expenditures. Increasing direct expenditures could provide a comprehensive program to help moderately disabled elderly remain in their homes, although such an option would be costly. To reduce such costs, eligibility could be limited to those with the most severe disabilities or to those with low incomes (for example, through the Medicaid

program), or beneficiaries could be required to share in the costs. To further limit the cost of any new program of dependent care, direct provision of services could be financed by reducing other health or social service programs. Such a refocusing might be difficult, however, since much of the social services now provided to the elderly represent some form of dependent care. Finally, tax expenditures could be used to provide incentives for relatives to care for their dependent elderly. While such benefits would allow for great flexibility, they often would not aid those with low incomes and might only introduce a public subsidy for care that would have been provided anyway.

INTRODUCTION

During the 1980s, demographic, economic, and social trends will affect the demand for social services. This analysis focuses on two areas of social services which are particularly likely to be subject to increasing demand: day-care services for young children (under age ten), and dependent-care services for elderly persons with health problems or functional limitations. Day-care services for young children include after-school care for elementary school students as well as day care for infants and preschoolers by individuals outside of the child's nuclear family. Dependent-care services for physically impaired elderly persons would include--but would not be limited to--chore and homemaker services, home-delivered meals, and companionship programs. Some of these services could involve coordination with home health-care services as well.

Meeting the increased demand for these services could pose difficult decisions for the Congress, since much of the increased demand will occur in groups that frequently rely on federally supported services at present--such as very young children in poverty. Some, but not all, of the increase in demand might be met at current funding levels by increasing the efficiency or targeting of current federal support. For the rest, if growth in the deficit is to be avoided, higher expenditures would need to be offset elsewhere in the budget--through reductions in direct-expenditure programs, reductions in tax expenditures, or increases in tax rates.

The remainder of this paper is divided into three parts. The first part discusses factors that underlie likely increases in demand. The second part of the paper discusses implications of these changes in demand, and the third examines some options for an altered federal role.

PART I. FACTORS AFFECTING DEMAND FOR DEPENDENT-CARE SERVICES

Overall demand for dependent-care services will increase in the 1980s because of a variety of demographic, economic, and social factors. Other factors--such as poverty rates--will determine how much of the new demand is channelled toward federally supported services rather than the private market. This part examines each set of factors separately.

FACTORS AFFECTING OVERALL DEMAND

Four concurrent trends will affect the future demand for dependent-care services:

- o Changes in the age structure of the population;
- o A concomitant increase in the number of elderly with health problems and functional limitations;
- o Changes in family composition; and
- o Trends in employment.

Changes in the Age Structure of the Population

During the 1980s, the nation's population will grow by 10 percent and its age structure will shift markedly, resulting in the simultaneous growth of two of the age groups most frequently in need of some form of dependent care: young children and the elderly (see Table 1). In both cases, the most

TABLE 1. AGE STRUCTURE OF THE POPULATION IN 1980 AND PROJECTIONS FOR 1990

Age	Population (thousands)		Percent Distribution		Change 1980 to 1990	
	1980	1990	1980	1990	Number	Percent
All Ages	226,505	249,731	100	100	23,226	10

5 years and under	19,629	22,997	9	9	3,368	17
6-9	13,414	14,802	6	6	1,388	10
10-14	18,241	16,776	8	7	-1,465	-8
15-18	16,712	13,176	7	5	-3,536	-21
19-24	25,762	22,348	11	9	-3,414	-13
25-29	19,518	21,503	9	9	1,985	10
30-39	31,521	42,007	14	17	10,486	33
40-49	22,757	31,814	10	13	9,057	40
50-59	23,323	21,869	10	9	-1,454	-6
60-64	10,086	10,639	5	4	553	5
65-69	8,781	10,006	4	4	1,225	14
70-74	6,797	8,048	3	3	1,251	18
75-79	4,793	6,224	2	2	1,431	30
80 years and over	5,174	7,521	2	3	2,347	45

SOURCE: U.S. Bureau of the Census, unpublished projections.

NOTE: Figures may not be comparable across columns because of rounding.

rapid growth is expected to be among subgroups requiring the most dependent care: very young children (age 5 and under) and the "old elderly" (80 years old and over).^{1/} The number of old elderly is expected to increase by 45 percent, or about 2.4 million, over the decade. In proportional terms, the growth of the population of very young children is expected to be smaller--about 17 percent. But because this group was much larger than the old-elderly group in 1980, the numerical increase will be much larger--nearly 3.4 million.^{2/}

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1. The projections shown in Table I are based on the Census Bureau's middle-level series, which assumes an average lifetime birthrate of 1.9 births per woman of childbearing age (15-44) and an average life expectancy at birth of 79.6 years in 2050. The projections also assume a net immigration rate of 450,000 per year. The latter is an arguable assumption, given the lack of information on illegal immigration, but using alternative Census projections with radically different immigration estimates would not alter the basic conclusions presented here.
 2. The projected growth in the population of very young children is less certain than the anticipated growth of the old-elderly population. Unless there are marked shifts in mortality trends, the growth in the old-elderly population is largely dependent on the known number of people aged 70 and above in 1980. Growth in the population of young children, however, depends in part on more speculative estimates of fertility rates. The growth in the number of children projected here reflects growth in the number of women of child-bearing age as the "baby boom" cohort ages, as well as an anticipated modest increase in the total fertility rate, from 1,827 lifetime births per 1,000 women in 1980 to 1,942 lifetime births per 1,000 women in 1990. Should this assumption about trends in fertility prove substantially wrong--which is possible, given the historical instability of birth rates--the number of very young children in 1990 could be quite different than projected here.

The Child Population. During this decade, the population of children under age 10 is projected to increase by 14 percent--a notable departure from the 1970s, when the number of young children declined by 11 percent. The number of very young children (age 5 and under) is growing particularly rapidly and will probably account for more than two-thirds of this increase. In contrast, the 10- to 18-year age group is likely to decline by about 14 percent. Following 1990, however, as the children born during the 1980s mature, the population under age 6 is expected to shrink again and the growth in the early elementary school age group (ages 6 through 9) will probably slacken, while the 10- to 18-year age group is expected to expand.

The Elderly Population. The number of persons age 65 and over will continue to increase during the 1980s, although at a slightly slower rate than during the decade just ended. Moreover, the average age of the elderly will increase; over a third of the total growth in the elderly population will be the result of the rapid increase in the number of old-elderly persons. Overall, the elderly population is expected to rise from 25.5 million in 1980 to 31.8 million by the end of the decade, or from 11.3 percent to 12.7 percent of the total population. Those age 80 or more comprised 20 percent of the elderly population and 2 percent of the total population in 1980; in 1990 they will comprise 24 percent of the elderly population and 3 percent of the total population.

Increasing Incidence of Functional Limitations Among the Elderly

Estimates of the current proportion of noninstitutionalized elderly with physical limitations vary from about 18 to 43 percent of the population age 65 and over, reflecting in part the difficulty of defining disability. If the definition is inability to perform usual activities or limitation on the amount or kind of activities possible, about 43 percent of the noninstitutionalized elderly are disabled. More stringent definitions based on inability to conduct major activities such as work or keeping house suggest that the proportion requiring help is closer to one-fifth--or 4.8 million persons.^{3/} This group contains over 2 million bedfast or homebound persons who are as functionally impaired as those in institutions.^{4/}

As the old-elderly population grows, the incidence of debilitating health problems and functional limitations is likely to increase. For example, while about 5 percent of the elderly are in institutions at any one time, this proportion rises steadily with age. Among those 85 and older, roughly 20 percent are institutionalized.^{5/} Among the noninstitutionalized elderly, the proportion with physical limitations also rises steadily with age.

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3. Health Care Financing Administration, "Long Term Care Background and Future Directions," January 1982.
 4. Ethel Shanas, "The Family as a Social Support System in Old Age," The Gerontologist (1979), pp. 169-74.
 5. Institute of Medicine, A Policy Statement: The Elderly and Functional Dependency, National Academy of Sciences (June 1977).

On the other hand, it is possible that a typical 80-year-old in the year 1990 will be healthier than now. Expansions in life expectancy may actually decrease the periods of dependency, if onset of chronic illnesses is also postponed.

Changes in Household Composition

Changes in the composition of families of young children and the old elderly will influence the demand for dependent-care services, because they will determine the availability of other family members to provide care.

Changes Affecting Young Children. The most important trend affecting the demand for child-care services is the expectation that the proportion of young children living in single-parent (in most cases, mother-only) households will continue to rise, albeit at a slower rate than during the 1970s. This increase, coupled with the growing number of children under age 10, could result in an increase of roughly 3 million children under 10 in single-parent families between 1980 and 1990.^{6/} Contributing to this anticipated growth will be continued high rates of divorce and separation among couples with children, and growth in the number of births to unwed mothers.^{7/} To the extent that the new single parents are employed

6. Projections of the number and proportion of children living in various types of households are necessarily highly uncertain. See Appendix A for a description of the projection method used to obtain the 1990 estimates used here.

7. U.S. Department of Health and Human Services, National Center for Health Statistics, Advance Report, vol. 30, no. 9 (August 29, 1981).

(discussed in more detail below), this portends a rapid increase in the demand for daytime care for children under 6 and after-school care for children 6 through 9.

In recent years, the proportion of children living in single-parent families has been somewhat greater, and has been growing more rapidly, in the 6-through-9 age group than in the under-6 age group. Because the under-6 group as a whole is larger, however, children in single-parent families are actually more numerous in the younger age group (see Table 2). By 1990, the number of children under 6 in single-parent families may reach 4.8 million (21 percent), while the number of children 6 through 9 in such families may reach 4.1 million (28 percent). (The number of children under 10 living with neither parent is also rising, particularly in the under-6 age group. Apart from those living in institutions, however, little is known about the household circumstances of this group of children.)^{8/}

The extent to which this growing pool of single-parent families turns to organizations or to individuals outside of the family for child-care services will depend to some degree on the presence or absence of teenaged

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8. The March 1982 Current Population Survey (CPS), which uses a revised set of questions to ascertain relationships within households, revealed that a sizable number of children who previously were thought to be living with neither parent are in fact living with one parent, usually the mother, who is neither the household head nor the spouse of the head. (That is, the child and mother are a "subfamily" within the household.) This could occur, for example, when an unmarried mother and her child live with the mother's parents. Since the numbers used here are all based on the old CPS questions, some portion of the children in the "other" category most likely should be classified in the "one parent present," usually "mother only" category.

TABLE 2. NUMBER AND PERCENT OF CHILDREN IN HOUSEHOLDS OF DIFFERENT TYPES, IN 1970 AND 1980 AND PROJECTED FOR 1990, BY AGE GROUP (Numbers in thousands)

Family Type	1970		1980		1990a/	
	Actual	Percent	Actual	Percent	Projected	Percent
<u>All Children Through Age 9</u>						
Both Parents Present	32,127	87	25,786	78	27,276	72
One Parent Present	3,958	11	5,975	18	8,860	23
Mother only	3,704	10	5,614	17	8,358	22
Father only	254	1	361	1	502	1
Other	1,046	3	1,273	4	1,663	4
Total	37,131	100	33,035	100	37,799	100
<u>Children Under 6</u>						
Both Parents Present	18,212	87	15,365	79	16,988	74
One Parent Present	2,116	10	3,209	16	4,766	21
Mother only	1,998	10	2,996	15	4,395	19
Father only	118	1	213	1	372	2
Other	669	3	890	5	1,242	5
Total	20,997	100	19,463	100	22,997	100
<u>Children 6 Through 9</u>						
Both Parents Present	13,915	86	10,421	77	10,308	70
One Parent Present	1,842	11	2,766	20	4,103	28
Mother only	1,706	11	2,618	19	3,939	27
Father only	136	1	148	1	164	1
Other	377	2	383	3	391	3
Total	16,134	100	13,572	100	14,802	100

NOTE: Components may not sum to totals because of rounding.

SOURCE: 1970 and 1980 figures are from unpublished Census tabulations based on the decennial censuses. 1990 projections are adapted from estimates of the proportion of children under 18 in each type of household in Paul C. Glick, "Children of Divorce in Demographic Perspective," *Journal of Social Issues*, vol. 35, no. 4 (1979), pp. 170-82.

- a. The projections for 1990 are subject to a considerable margin of error. See Appendix A for an explanation of this point and a description of the projection method.

siblings. Teenagers, while generally unable to provide full-time care for very young children, could in many cases provide after-school care for children in the 6-through-9 age group. It is likely, however, that a declining proportion of young children will have teenaged siblings during the rest of the decade, since a greater proportion of young children in 1990 should be first or second children. This is reflected in the nation's projected age distribution in 1990, shown in Table 1: the population age 10 through 18 is expected to shrink by nearly 5 million between 1980 and 1990.

Trends Affecting the Elderly. As a result of purely demographic changes, the growth of the elderly population will likely be accompanied by an increase in the number and proportion of elderly individuals living either alone or with someone other than a spouse. Most of those living without a spouse, particularly among the old elderly, will be women.

This anticipated growth in the proportion of the elderly living without a spouse results from the increasing average age of the elderly population, the sizable and growing difference in life expectancy between men and women, and the fact that husbands are generally older than their wives. In 1980, 65-year-old men had a life expectancy of 14 years, while women of the same age had a life expectancy of 18 years. By 1990, life expectancy at age 65 is projected to increase to 15 years for men and to 20 years for women. This widening difference in life expectancy, coupled with the increasing average age of the elderly, will produce a growing imbalance

between the numbers of elderly men and elderly women, particularly in the over-80 population. Moreover, the age difference between husbands and wives will further exacerbate that imbalance.

Lack of a spouse need not lead elderly individuals to depend on organizations or individuals outside of the family for care. For example, about 13 percent of noninstitutionalized older persons currently live with other relatives, usually adult children. This type of living arrangement becomes more common as individuals age, with roughly one-fourth of those age 80 and older living with nonspouse relatives, as compared to one-ninth of those age 65 to 79. Children outside the household may also help care for their older parents--about 55 percent of the elderly now have children who live less than half an hour away by car.

Contradictory changes make it difficult to predict what proportion of the elderly can expect aid from children in the future. In the 1980s, persons between 65 and 80 will, on average, have more adult children than in the past, because the baby boom generation will be reaching middle age. On the other hand, persons who survive beyond the age of 80 may outlive their children. And, when the children themselves are elderly, they may lack financial resources or have physical problems that limit the amount of assistance they can provide.

Trends in Employment

Recent trends in labor force participation, should they continue, would have a substantial impact on the demand for child-care services. They